

**Leon E. Comeaux & Associates**

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Honorable James H. Welsh  
Commissioner of Conservation  
P. O. Box 94275  
Baton Rouge, Louisiana 70804-9275

RE: Upper Marg Tex Zone, Reservoir C  
Marg Tex Sand, Reservoir B  
**EAST BELL CITY FIELD**  
Calcasieu Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of Reef Exploration, Inc. to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of orders pertaining to the following matters relating to the Upper Marg Tex Zone, Reservoir C, and the Marg Tex Sand, Reservoir B, in the East Bell City Field, Calcasieu Parish, Louisiana.

**FOR THE UPPER MARG TEX ZONE, RESERVOIR C**

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Upper Marg Tex Zone, Reservoir C, in the East Bell City Field, Calcasieu Parish, Louisiana.
2. To create a single drilling and production unit for this zone and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.
3. To designate a unit operator and unit well for the unit so created.
4. To provide that any future wells drilled outside of the Upper Marg Tex Zone, Reservoir C, shall be in accordance with the spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the Upper Marg Tex Zone, Reservoir C, by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.
6. To discuss any other matters that may be pertinent to this application.

The Upper Marg Tex Zone, Reservoir C, in the East Bell City Field, Calcasieu Parish, Louisiana, is hereby defined as being that gas and condensate bearing sand encountered between the electric log measured depths of 11,929' and 11,989' in the Reef Exploration, Inc. - Bertha D. Morgan No. 1 Well, located in Section 2, Township 11 South, Range 6 West, Calcasieu Parish, Louisiana.

**FOR THE MARG TEX SAND, RESERVOIR B**

1. To dissolve the Marg Tex RA SUA, as established by Office of Conservation Order No. 1254-B, effective March 19, 1985, and the Marg Tex RA SUB, as established by Office of Conservation Order No. 1254-B-1, effective December 4, 1985, and simultaneously therewith, to create a single drilling and production unit for the exploration for and production of gas and condensate from the Marg Tex Sand, Reservoir B, in the East Bell City Field, Calcasieu Parish, Louisiana.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.
3. To designate a unit operator and unit well for the unit so created.

4. To provide that any future wells drilled outside of the Marg Tex Sand, Reservoir B, shall be in accordance with the spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the Marg Tex Sand, Reservoir B, by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.
6. To discuss any other matters that may be pertinent to this application.

The Marg Tex Sand, Reservoir B, in the East Bell City Field, Calcasieu Parish, Louisiana, is hereby defined as being that gas and condensate bearing sand encountered between the electric log measured depths of 12,347' and 12,383' in the Reef Exploration, Inc.- Bertha D. Morgan No. 1 Well, located in Section 2, Township 11 South, Range 6 West, Calcasieu Parish, Louisiana.

In addition to furnishing the legal notice to all Interested Parties, the applicant will provide for POSTING of the legal notice of the hearing and unit plats in a prominent place in the area of the East Bell City Field, Calcasieu Parish, Louisiana, and will cause the legal notice of the hearing to be PUBLISHED in a newspaper of general circulation published in the vicinity of the East Bell City Field, Calcasieu Parish, Louisiana, at least fifteen (15) days before the hearing date. Any pertinent data relating to the subject application can be obtained, **AT THE COST OF THE REQUESTING PARTY**, from Cambe Geological Services, Inc., 1500 Gray Street, Houston, Texas 77002(713)659-8363.

In compliance with the Rules of Procedure, a preapplication conference was held in Lafayette, Louisiana, on March 13, 2003, at which the parties named on the attached list were in attendance. The conference was opened with a discussion by Mr. Bill McAlister, Jr., representing Reef Exploration, Inc., concerning the nature and purpose of the conference and the bases for the applicant's proposed units.

Mr. Holmes Smart, representing Rid-Cal Land, presented counterplans which did not go as far downdip for an APL as the applicant. His proposed units for the Upper Marg Tex and Marg Tex did not extend as far to the east or west as did the applicant's.

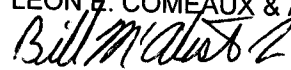
Mr. David Sturlese, representing Morgan/Derouen/Calloway, presented a counterplan on the Upper Marg Tex which was almost identical to the one presented by Mr. Holmes Smart. Mr. Sturlese did state that he was still reviewing the matter as to whether the southern boundary, being a fault, is sealing or non-sealing.

Mr. Jim Hardwick, representing Clinton Nunez et al, presented a counterplan on the Upper Marg Tex which did not go as far downdip for an APL as the applicant. He also shows the southern fault to be non-sealing and, therefore, his proposal extends further south than the applicant's.

The meeting was adjourned with the understanding that the represented parties will have further discussions to see if a compromise can be reached. At the present time, it appears that this matter will be contested.

There are attached hereto and made a part hereof plats outlining the proposed units, the conference attendance list, and a list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom this application is being sent. Pursuant to the Revised Rules of Procedure, such list of parties and proposed unit plats (**being the same plats attached to the February 13, 2003, preapplication notice**) are being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, said plats and the list of parties will be provided to any party requesting copies. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties. Finally, there is enclosed our check on behalf of the applicant, Reef Exploration, Inc. in the sum of \$1,510.00 payable to the Office of Conservation and representing the required hearing application fee.

Sincerely,  
LEON E. COMEAUX & ASSOCIATES



Bill McAlister, Jr.

BMjr/cu  
Enclosures

cc: Mr. Richard Hudson  
Office of Conservation  
825 Kaliste Saloom Road, Brandywine III, Ste. 220  
Lafayette, LA 70508

Interested Parties, Interested  
Owners And Represented Parties

R 6 W

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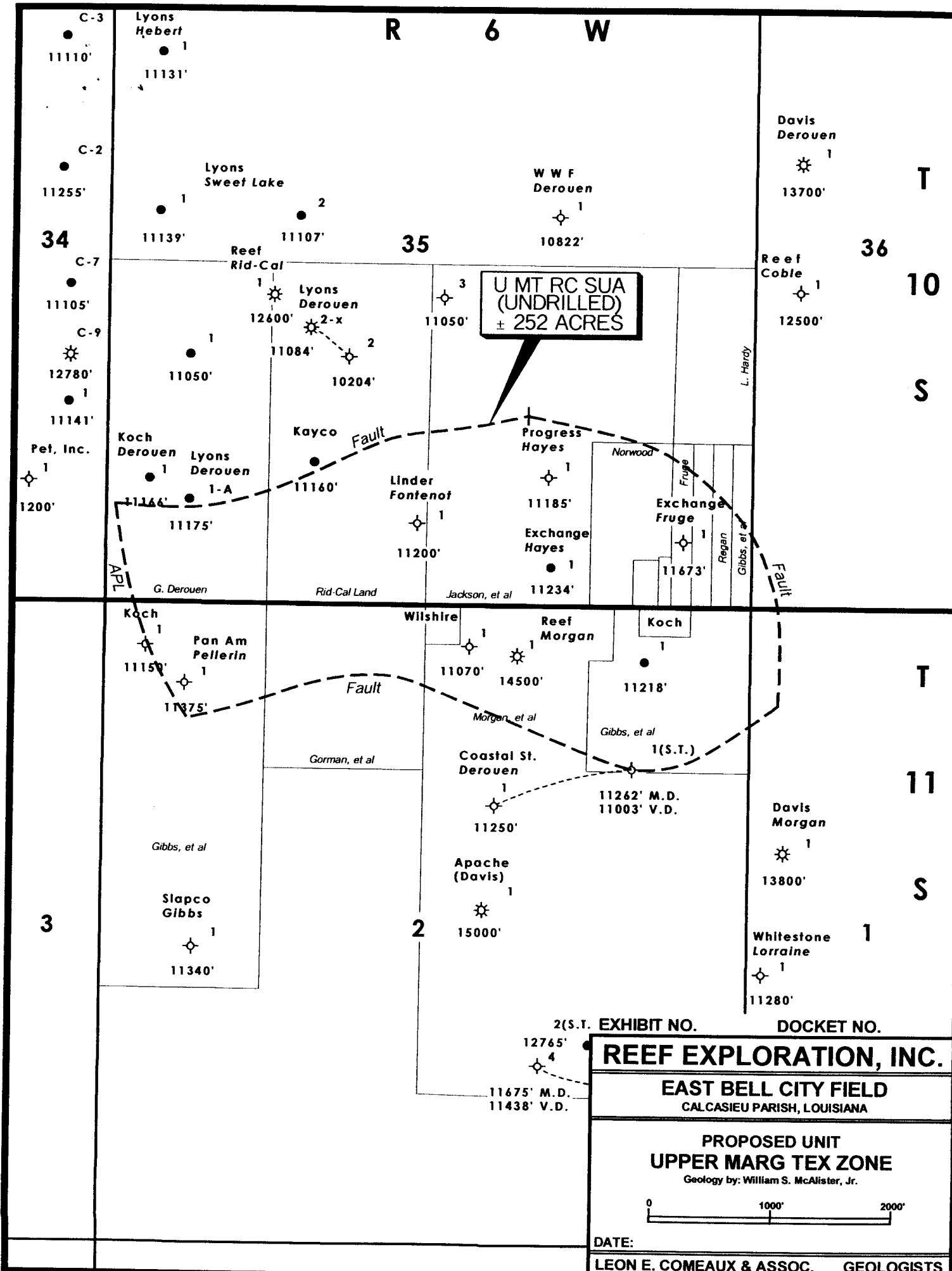
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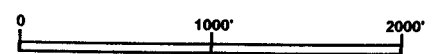


U MT RC SUA  
(UNDRILLED)  
± 252 ACRES

REEF EXPLORATION, INC.

EAST BELL CITY FIELD  
CALCASIEU PARISH, LOUISIANA

PROPOSED UNIT  
UPPER MARG TEX ZONE  
Geology by: William S. McAlister, Jr.



DATE:  
LEON E. COMEAUX & ASSOC. GEOLOGISTS

R 6 W

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Davis Deroven

1  
13700'

Reef Coble

1  
12500'

L. Hardy

Regan

Gibbs, et al

Davis Morgan

1  
13800'

Whitestone Lorraine

1  
11280'

W W F Deroven

1  
10822'

35

36

MT RB SUA  
(UNDRILLED)  
± 226 ACRES

Progress Hayes

1  
11185'

Exchange Hayes

1  
11234'

1

Lipser Fontenot

1  
11200'

Kayco

1  
11160'

Rid-Cal Land

Wilshire

1  
11070'

Reef Morgan

1

14500'

Morgan, et al

Coastal St. Deroven

1  
11250'

Apache (Davis)

1  
15000'

2(S.T. EXHIBIT NO.

DOCKET NO.

REEF EXPLORATION, INC.

EAST BELL CITY FIELD

CALCASIEU PARISH, LOUISIANA

PROPOSED UNIT  
MARG TEX SAND

Geology by: William S. McAlister, Jr.

0 1000' 2000'

DATE:

LEON E. COMEAUX & ASSOC. GEOLOGISTS

Lyons Hebert

1  
11131'

Lyons Sweet Lake

1  
11139'

2  
11107'

Reef Rid-Cal

1  
12600'

Lyons Deroven

2-x  
11084'

2  
10204'

Koch Deroven

1  
11166'

Lyons Deroven

1-A  
11175'

Koch

1  
11150'

Pan Am Pellerin

1  
11375'

APL

Gibbs, et al

Slapco Gibbs

1  
11340'

34

C-2

11255'

C-7

11105'

C-9

12780'

11141'

Pet, Inc.

1  
1200'

3

2

12765'

4  
11675' M.D.  
11438' V.D.